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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Secret

20 April 1973
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The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, and the Directorate of Science and Technology. Topics requiring more comprehensive treatment and therefore published separately as Special Reports are listed in the contents.

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Comments and queries on the contents of this publication are welcome. They may be directed to the editor of the Weekly Summary, [redacted]

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The Middle East

(6-8)
The area was seething a bit more than usual last week, and developments in Libya, Egypt, Lebanon, and Israel gave little promise that tensions are likely to ease soon.

tees immediately, and some reportedly have already been created in the government and private firms. The new groups will probably not be very effective in the way Qadhafi would like, but they certainly contain seeds of much future trouble.

Qadhafi Sounds Off

In two free-swinging speeches this week that were vintage Qadhafi, the Libyan leader tried to breathe new life into his revolution, now three and one half years old. He made it clear that he was fed up with domestic opposition to his policies and characteristically threatened to resign if a "new revolution" is not carried out.

The most extraordinary aspect of the two speeches was Qadhafi's call for armed "popular" committees to carry out a cultural battle against foreign influences and the "arrogant and educated" classes. Concerned with the deepening controversy in Libya over the proposed union with Egypt, Qadhafi may view these "popular" units as a sharp warning that he intends to get tough. He told a crowd of some 6,000 laborers, bureaucrats and students to form these commit-

Although the major emphasis in the speeches was on domestic problems, Qadhafi did say that he had no personal differences with presidents Sadat and Asad and that he believed in their "sincere patriotism." Qadhafi's bow to his partners probably was intended as a bit of fence-mending as well as an effort to underscore Libya's commitment to both the confederation and union with Egypt. At the same time, the Libyan leader did not pass up the opportunity to again warn other Arab governments against seeking separate settlements with Israel. As he has in the past, Qadhafi accused the other Arab governments of working only to restore their occupied territories and complained that Libya alone is committed to all-out war with Israel. He also asserted that Libya has not been party to Arab "battle plans," and therefore, he would not shoulder the blame for another Arab defeat.

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CYCLE OF VIOLENCE

Aftermath of Terrorist Sabotage

[The sabotage on 14 April of US-owned oil facilities near Sidon, Lebanon, suggests that the fedayeen have recovered from the shock of the Israeli raid of 10 April. The Lebanese Revolutionary Guard, an obscure extremist organization, claimed credit. It seems far more likely, however, that the fedayeen are using the so-called guard as a cover. Two other attempts were made against the US-owned Trans-Arabian Pipeline, one in southern Lebanon, one in Saudi Arabia.]

[The day before the strike against the Sidon facility Fatah leader Arafat declared the US "would not have to wait long" for a "terrible reprisal." Throughout the week, the Palestinian press hammered hard on the theme of US collusion with the Israelis. It was charged, for example, that US Marine guards attached to the embassy participated in the Israeli attacks. Scant coverage was given in the Lebanese press to the US rebuttal, moderate publishers being intimidated by the threat of fedayeen retribution. The government-controlled media in a number of Arab coun-

tries joined in the effort to incite anti-US sentiment. The treatment was particularly virulent in Iraq, Syria, and Algeria.]

[The Lebanese Government has managed so far to cope with fedayeen demonstrations. The funeral for the slain fedayeen leaders drew crowds estimated at 100,000—the largest in recent years. Although anti-Israeli and anti-American sentiment ran high and 300-400 armed fedayeen marched in the cortege, there were no disorders. President Franjiah, moving to replace Prime Minister Salam who resigned the day of the Israeli raid, on 18 April charged Amin al-Hafiz, a moderate leftist member of the Chamber of Deputies, with the formation of a cabinet. Hafiz' task will be to select a politically and religiously balanced—Christian/Muslim—government whose first objective will be to deal with domestic repercussions from the latest Israeli incursion.]

[The Israelis are threatening further action. Following Prime Minister Meir's praise of the

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Israeli raid, Defense Minister Dayan said that Israel still held the Lebanese Government responsible for fedayeen activity against Israel emanating from Lebanon. He vowed further raids if such activity is not halted. Dayan warned that the Israelis would not wait to retaliate, but would strike at the fedayeen before they struck at Israel.]

25 [Brigadier General Shalev, the deputy chief of Israeli military intelligence, told US officials he thought the major impact of the Israeli raid was a demonstration of Israel's ability to strike at the "very nerve center" of the fedayeen movement. Shalev described this as a "staggering blow" to fedayeen morale and to fedayeen plans and operations. Shalev had no illusions that the Israeli raid would put an end to terrorism, but he called it a "significant step" in the eventual containment of fedayeen activities in Lebanon. Other military officials have warned again that Israel may strike at fedayeen bases and at government facilities of any Arab state supporting the terrorists.]

29 [The UN Security Council meetings on the Lebanese complaint produced some heated exchanges and provide another opportunity for the Arab states to focus attention on their cause. Lebanon came under strong Arab pressure to insist on a harsh resolution condemning Israel. Led by Egypt, the Arab states seemed intent on exploiting the Israeli raid and the Council forum to embarrass and isolate both Israel and the US.]

19 [The Egyptians appeared to hope that the Council meetings might lead to a full debate on the UN role in the Middle East. To this end, Foreign Minister Zayatt was reported to favor a resolution calling on the Secretariat to report on the UN's efforts to achieve peace in the Middle East by mid-May.]

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ISRAEL: THE OCCUPIED TERRITORIES

26 [Prime Minister Golda Meir has again tried to muzzle the debate on the thorny question of the
27

occupied Arab territories and to paper over the differences on their future within her Labor Party. The main questions being asked are how much Arab territory should be retained, does the addition of more Arabs pose a real demographic threat to Israel, do continued Israeli settlement and investment in the territories block peace efforts. The "minimalists" and "maximalists" have been discussing these questions—critical in this election year—for months. Mrs. Meir asks, "Why, when the Arabs are not ready to make peace with us, should we quarrel among ourselves?"]



Prime Minister Meir
Emphasizing a need for unity

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28 [The issue heated up recently when Defense Minister Dayan reiterated his belief that Jews should retain the right in any future peace settlement to settle anywhere they want to in the occupied territories. Dayan wants what he calls a "clear statement" on this, i.e., one reflecting his views, in the Labor Party campaign platform.]
29 [Then, Justice Minister Shapiro proposed that the ban should be lifted against the purchase of Arab lands in the territories—specifically the West Bank—by individual Israelis or businesses.]

29 [Several under-the-table land purchases have, in fact, been concluded between Israeli purchasers and Arab sellers—mostly in the Jerusalem area—pending expected government approval. Dayan, Shapiro, and ministers of the National Religious Party support such purchases, while Foreign Minister Eban, Finance Minister Sapir, and others are opposed.]
26 [Mrs. Meir originally took a middle-of-the-road position, arguing that some purchases could be permitted under tight controls. Arab willingness to sell land to the Israelis—after 25 years of hostility—apparently stems from a conviction that the Israelis are going to stay in the occupied territories.]

30 [Several Arab states, particularly Jordan, pointed out in Washington and at the UN that the proposal to settle permanently in the occupied territories was new proof of Israel's expansionist

designs.] The Israeli press claimed that US pressures played a decisive role in forcing Mrs. Meir to back away from the proposal. Labor Party boss Finance Minister Sapir is also reported to have voiced his strong opposition to Mrs. Meir. In any event, the Israeli cabinet on 8 April announced that the existing ban on purchases of occupied Arab land would be maintained—only the Israeli National Land Authority can purchase land and then only with cabinet approval. The cabinet communique denied that any proposals had been submitted to the cabinet; actually Dayan, Shapiro, and the National Religious Party each had submitted a plan but had withdrawn them when they learned that Mrs. Meir was opposed.]
26 [Mrs. Meir has indicated that the program of establishing Israeli settlements in the occupied territories would continue; there are now 45 settlements, 15 in the Golan Heights, 18 on the West Bank, 3 in the Gaza Strip, and 9 in Sinai.]

26 [Mrs. Meir may have thus temporarily papered over intra-party differences, but they are sure to burst out again this summer when the Labor Party meets to draft its party platform for the October election. The various proponents are still publicly muttering about their specific positions, and a compromise will have to be worked out between now and the convention to avoid a bitter debate that could tear apart the ruling Labor Party.]

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TRADE TALKS: INITIAL MOVES

(32)
[The EC Commission memorandum on a community approach to the multilateral trade negotiations coincided with President Nixon's request for broad new trade powers from Congress. The EC Council is pledged to respond to the memorandum with a negotiating position no later than July. Precise instructions to the Commission—the body that will actually negotiate for the EC—are not likely to be approved by the Council, however, until the final shape of the US trade legislation becomes clear.]

Uncertainty over the mood of Congress and how the Administration will use the discretionary powers it has requested has been a constant theme in the European reaction to the President's message. France has been the most critical, with official and press comments harping on the danger of US trade objectives to European farm interests and the EC's common agricultural policy. Other European press comment notes concern that false hopes may be raised in the US, which would force the President to implement

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retaliatory measures if substantial concessions from the EC were not forthcoming. On the whole, however, the proposals have been well received.

The Commission's own proposals, which the Council will debate next month, attempt a compromise between some of the member-state desires and the intention to show movement on matters of concern to the US. In agriculture, for example, the international commodity stabilization agreements the French want are put forward, but so is restraint on export subsidies. The Commission rejects the notion that industrial tariffs be eliminated and resurrects the idea of reducing high tariffs, of which the US has more than the EC, proportionately more than low ones. In its approach to safeguards against disruptive imports—certain to be a major topic in the negotiations—the Commission would apparently allow particular countries (Japan is the target) to be singled out even while it calls for non-discrimination. In any case, the Commission wants internationally supervised safeguards.

In the case of safeguards as well as the matter of non-tariff barriers (such practices as government procurement, technical standards, and quota restrictions) the Commission hopes to use the trade negotiations to extend and consolidate the community's jurisdiction. Some member states will resist this, and reaching agreement on an approach to the many non-tariff barriers still not regulated by common EC policies will be a monumental task.

The Commission may also have trouble in getting "improvements" in the EC's program of generalized preferences for developing countries' exports of manufactures and semi-processed goods. The Commission is making some headway in its attempts to meet US objections to the "reverse preferences" that the EC now gets from those developing countries directly associated with the community. The Commission recommends that these countries offer similar, tariff-

free access to third parties, thus in effect eliminating any discrimination. Although this does not satisfy US objections, it is at least a step in the right direction.

All community members appear united in insisting that the trade negotiations be approached in a spirit of reciprocity. Of the EC members, the British appear most concerned with avoiding any confrontation with the US. London apparently feels its EC credentials are now good enough to weather some of the criticism, emanating mostly from the French, that it pays too much attention to US demands. Germany's unquestioned commitment to trade liberalization is somewhat undercut by its equally unquestioned support for high farm prices. France will undoubtedly scrutinize the Commission's suggestions closely both for substance and for any signs that the Commission is gaining more power. Paris' loud and persistent warnings of a tough bargaining line, while not to be disregarded, have had a somewhat defensive tone. They reflect its declining influence in the community since the Kennedy Round.

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Indochina

Cambodia: In Search of Greater Unity

33 [In a first step toward revitalizing and broadening his government, President Lon Nol accepted the resignation of First Minister Hang Thun Hak's cabinet on 17 April. The outgoing government, formed last October, will continue as a caretaker until a successor has been organized. At the same time, Lon Nol called for the creation of a "supreme political council," which apparently would be responsible for all important policy matters and decisions. The President intends to head this body and wants such prominent opposition figures as Republican Party leader Sirik Matak and former Democratic Party chief In Tam to join it.]

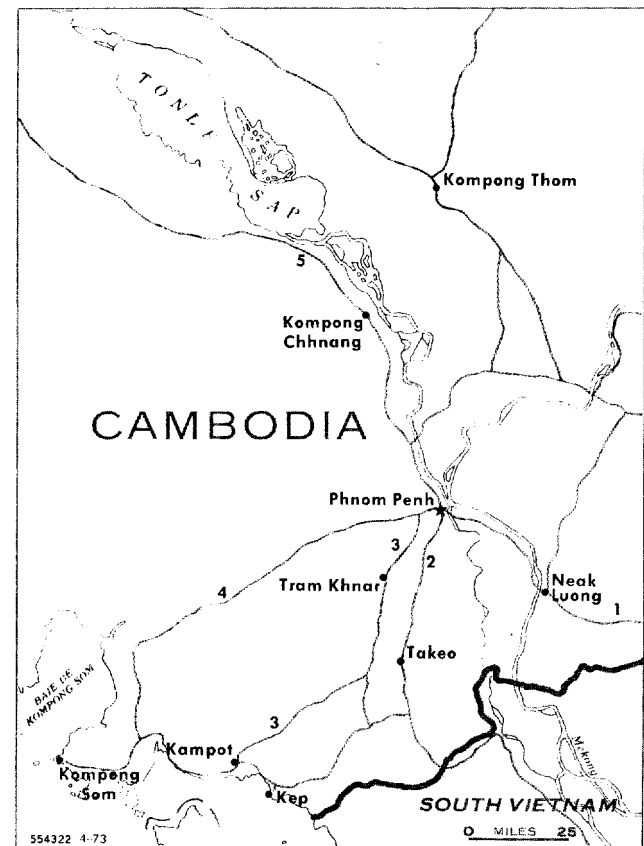
34 [To help ensure their participation, the President has arranged for his meddlesome younger brother, Brigadier General Lon Non, to leave not only the government but also the country for a few months. Sirik Matak and In Tam have indicated that they want more concessions from Lon Nol—particularly firm assurances that he is prepared to give them some real responsibility. At mid-week, the two met with the President and reportedly proposed that the new council consist of themselves, Lon Nol, and former chief of state Cheng Heng. At last report, Lon Nol was mulling over this demand. More dickering clearly is in store before some sort of compromise is achieved.]

The Military Situation

35 [There was some upturn in the military situation east of Phnom Penh this week. Government forces met little opposition as they cleared Route 1 near the capital and portions of the Mekong that parallel the highway. The improved security enabled another three POL tankers to reach Phnom Penh from South Vietnam, and the re-opening of Route 4 made it possible to move some petroleum supplies to the capital from Kompong Som. As of 15 April, the capital had enough fuel to supply about three weeks of electrical power and about a week's reserve of rationed gasoline. Another convoy due to sail for Phnom Penh early next week may well be challenged by Khmer Communist troops.]

36 [In other areas, government forces are not faring so well. The Khmer Communists have shelled Phnom Penh's southernmost suburb and kept up harassing attacks against the few remaining Cambodian positions on Route 2 between the capital and the isolated town of Takeo. The pressure on Takeo is increasing.] Some government reinforcements were airlifted into the town early in the week, and the government commander there claims he can hold the town if he keeps getting air support.]

37 [Northwest of Takeo, the Khmer Communists renewed their attacks on Tram Khnar on Route 3, but after several days of heavy fighting, government troops regained the village. Farther south, Communist units on 16 April overran the former coastal resort of Kep, which has a small docking facility capable of handling lighters and small fishing vessels.]



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Hanoi Tries Reconstruction

39 The North Vietnamese have made significant progress in rebuilding damaged industrial installations during the past three months, but full recovery is still a long way off. The Communist press is claiming that some production started shortly after equipment was brought out of storage and that some plants are already fulfilling planned quotas. These claims are grossly exaggerated and fail to acknowledge that the plants are still operating under the same makeshift schedules as they were during the bombing. Before industrial production can really be re-oriented to peacetime output, the North Vietnamese will have to shift available transportation to coping with the demands of industrial relocations. They will also have to make wholesale reassignments of labor from wartime duties.]

39 There are clear signs that limited production has resumed at a number of plants, but the overall level of industrial output is hard to measure. One rough gauge of the level of industrial recovery is the status of electric power plants. The North Vietnamese press claims that the supply of electric power is now up to about 75 percent of the pre-bombing capacity; a more reasonable figure would be on the order of 50 percent, since many of the large power plants were heavily damaged and will require several years before they are fully reconstructed. Major manufacturing facilities were also heavily damaged by the bombing and will require extensive rebuilding before they reach normal production capacities.]

Still Thinking War

46 Fighting in South Vietnam this week declined to the lowest level since the start of the 47 cease-fire. Many South Vietnamese commanders remain convinced, however, that the current 48 inactivity is a lull before a storm and that the Communists will launch heavier attacks country-wide within the next few weeks.)

46 Senior South Vietnamese commanders believe that the current Communist strategy of

47 nibbling operations is a prelude to heavier fighting in the next few weeks. All four of the country's regional commanders are convinced that the Communists have decided that sheer military force is the only way to defeat the Saigon government. Communist directives, however, continue to point up the necessity of maintaining a mix of political action and military force to erode government strength in the countryside and to win the support of the people.]

46 47 Most of the fighting this past week occurred in the southern half of the country. Communist pressure continued against the Tonle Cham ranger camp in northern Tay Ninh Province, although there were signs that both sides were edging closer to a truce agreement. The Communists used loudspeakers to urge a conference with the camp commander—a major—to arrange a truce. Saigon has steadfastly refused to let anyone lower than corps or division commander negotiate with the Communists on the battlefield, but at mid-week there were some indications that General Minh, the government's senior commander for that sector, was seeking a more flexible approach for arranging talks with the Viet Cong.]

43 Fighting was heaviest in the delta. Communist units in the vicinity of the border checkpoint at Hong Ngu in northern Kien Phong Province captured all the territory around the town,

47 Government units farther south in Chau Doc 48 Province crossed into Cambodia in an effort to relieve Communist pressure against Cambodian units and to discourage additional Viet Cong units from entering the delta.]

Thieu Comes on Strong

42 President Thieu appears to have helped his image at home and favorably impressed his foreign hosts with his two-week trip to the US and several European and Asian capitals. On his return, Thieu told the South Vietnamese that President Nixon had assured him the US fully supports his government and will provide substantial

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economic aid for the post-war period. The government is beginning a campaign throughout the country to publicize the success of Thieu's US visit. The President obviously believes that it is still important to demonstrate widely that he has firm American support. The trip has already received favorable publicity in virtually all of Saigon's newspapers.)

Thieu's success has added to the problems of his domestic non-Communist opponents, who are weak and divided. The two new coalitions trying to qualify as legal political parties—the Catholic-based Freedom Party and the six-faction Social Democratic Alliance—reportedly are already falling out among themselves, and it is entirely possible that neither will be able to agree on a slate of candidates for the Senate elections this summer. Within both coalitions, factions that have been unable to have their way are threatening to withdraw. Although these factions see the Communists as a greater evil than the Thieu government, there is no evidence that any of them are ready to join the government.]

The An Quang Buddhists—the country's strongest opposition group—are having problems with personality conflicts, competing regional interests, and policy differences. One organization of Buddhist legislators may be breaking up. Last month the group expelled a prominent senator, apparently in part because he pushed too hard for better relations with the government.]

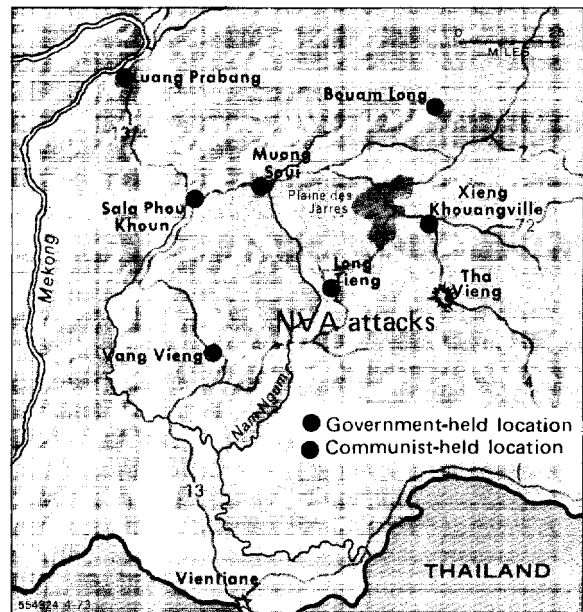
The Tha Viang Incident

While government officials and Communist negotiators took time off for Lao new year festivities in the royal capital of Luang Prabang late last week, North Vietnamese units launched an attack on Tha Viang, southeast of the Plaine des Jarres. Heavy Communist artillery and ground attacks quickly forced the 2,000 government troops near Tha Viang to withdraw into the rugged hills to the south and west. Once the government force was clear of the area, B-52s pounded North Vietnamese positions;

The attacks did not come as a great surprise to Vientiane. Government leaders had been eyeing the North Vietnamese buildup in the Tha Viang area with apprehension for several weeks, and Prime Minister Souvanna Phouma had warned Communist negotiators that he would request US air strikes if major North Vietnamese assaults occurred. In going ahead with the attack on Tha Viang, the Communists probably reasoned that the opportunity to firmly rebuff what they viewed as a government encroachment was worth the risk of US retaliation.]

As could be expected, the Pathet Lao condemned the air strikes, warning in a radio broadcast of unspecified "consequences" if the strikes were not halted. The Foreign Ministry in Hanoi labeled the bombings as "a new military escalation of an extremely serious character." Despite the outcry, the Lao Communists have not broken off the talks on the formation of a coalition government; these talks resumed in Vientiane on 17 April.

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CHINA AT ECAFE

(63 + 64)

Chinese activity in the UN continues to be more of a problem for the Soviets than for the US. Last week, Peking made its debut at the UN Commission for Asia and the Far East, a forum that the Soviets have used for years as a propaganda platform to attack US policy toward underdeveloped nations and to defend the interests of its Asian Communist friends. This time Peking took over the role of protector of the smaller Asian Communist movements, gave the US a few lumps on Vietnam, and told the Soviets to go packing with their Asian collective security pact.

As propaganda blasts go, the Chinese speeches were boilerplate. Their objection to the continued exclusion from ECAFE of some Asian Communist movements was fairly mild, and their criticism of Taiwan's membership in the Asian Development Bank was pro forma. Their sharpest remarks were directed at Moscow, and even these did not break any new ground. As they did initially at the UN in New York, the Chinese at ECAFE seemed anxious to establish their credentials and in general make a good impression on their regional neighbors.

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CHINA: AN OLD WAR HORSE RETURNS

Early this month a provincial radio broadcast hailed the accomplishments of the Cultural Revolution as immortal. But one of the accomplishments of the period, the ouster of a number of top party officials, was reversed last week when Teng Hsiao-ping, the second highest ranking victim in the party, reappeared at a banquet given by Premier Chou En-lai.

Teng's reappearance has been interpreted by some foreign observers as a sign that the leadership has reached sufficient agreement to be ready to convene a party congress or a National People's Congress, the government's rubberstamp legislature. Within China, however, Teng's return is likely to cause confusion among the cadre, chiefly because it is not in step with the current propaganda line. Since last December, the party theoretical journal *Red Flag*, which is the major leftist propaganda vehicle, has been waging a vigorous campaign to justify the Cultural Revolution and praise its achievements. The campaign even defends the Red Guards, the youthful activists who helped bring down party leaders like Teng. The rehabilitation of a chief target of the Cultural Revolution amid a propaganda campaign to defend that upheaval will be taken by the cadre as a sign that the leadership in Peking remains divided on fundamental issues, a situation not conducive to the settling of differences.

Rehabilitation can take a variety of forms, and the precise nature of Teng's status is probably still a source of friction. Teng's reappearance serves to remove the stigma of his earlier disgrace, but it does not follow that he will be allowed to resume active duties. Although the official Chinese news agency identified the septuagenarian Teng as a vice premier, his former government title, three other aging luminaries, rehabilitated in the past year, have been identified as vice-premiers and still play no active role in government affairs. Peking also skirted the more controversial issue of whether to return Teng to an important party post. As secretary general of the party, a post since abolished, Teng was accused of using his position to block implementation of Mao's policies.



Teng Hsiao-ping

Although the final decision may have been made last month when party officials were reportedly meeting outside Peking, Teng's rehabilitation has been under consideration for several years. The propaganda media never attacked Teng by name—he was the only purged leader to escape this treatment—and there have been persistent rumors since 1968 that he would return.

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With the current leadership unable to agree on a number of appointments to major posts, moderates such as Chou En-lai may want to rehabilitate former party leaders so they will be available for vacant high-level positions. Although Chou has differed with some of these veteran officials in the past, they are clearly more acceptable to him than the more radical newcomers who came to prominence during the Cultural Revolution.

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JAPAN: A BIGGER NAVY

69 The Japanese Navy, already the most powerful non-Communist naval force in the Far East, is being further expanded. Under the fourth defense plan, which runs until 1977, the Japanese will build 54 ships for their navy. Seven destroyers, six destroyer escorts, five submarines, and 15 coastal minesweepers will be added. The navy also will get 92 combat aircraft, including 40 helicopters.

69 Two of the new destroyers will be 5,200-ton models. They will be the largest ships in the fleet. Each will carry three helicopters for antisubmarine warfare operations. Several of the destroyers are scheduled to be equipped with US Sea Sparrow and Tartar air defense missiles; they may also be equipped with standard antiship missiles from the US. The submarines will all be conventional torpedo attack models, and later models will be capable of increased range.]

69 The navy will buy additional P-2J patrol aircraft which will supplement obsolescent S-2A aircraft in antisubmarine operations. The navy also will get more SH-3A antisubmarine helicopters and S-62B minesweeping helicopters. Both helicopters are being built in Japan under US license. The navy has no current plans to acquire aircraft with an antiship strike capability.]

**Japanese Naval Strength At Completion
Of 4th Defense Plan * (1972-76)**

Destroyers	37
Destroyer Escorts	17
Submarines	15
Coastal Minesweepers	36
Others	62
TOTAL	167

**Some older ships will be retired during the plan.*

69 The Japanese Navy is organized and equipped for defense of the home islands and Okinawa. Its main missions are antisubmarine warfare and mine warfare. Extensive training is conducted for these missions in well-equipped ships, and Japanese capabilities in both areas are good. The navy has almost no capability for amphibious warfare, and the lack of adequate logistical support is a serious limitation to extended operations beyond Japanese coastal waters. The navy has only one tanker for at-sea replenishment, and only one more is scheduled to be built.

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AUSTRALIA: PROBLEMS DOWN UNDER (72)

In the four months the Labor government has been in office, US-Australian relations have encountered some rough sailing. Prime Minister Whitlam's desire to chart a more independent Australian policy contrasts sharply with the pro-US attitude of the previous government. Although Whitlam has repeatedly affirmed his intention to continue Australia's alliance with the US, complications and frustrations in Washington's dealings with Canberra may become more common.

After an initial period of indecision, Whitlam has now decided in favor of the continuation of US defense and scientific installations in Australia. He wants, however, to negotiate greater Australian participation and control at the existing sites, and he may go slow on any new ventures such as the proposed navigational aid station.

Complicating US-Australian relations is the pressure from the noisy left wing of the Labor Party. Over time, left-wing opposition could affect the prime minister's ability to control his party and the government. The recent election of an outspoken left-wing critic of the US as chairman of a joint parliamentary committee on defense and foreign affairs points up Whitlam's inclination to roll with left-wing punches. And in

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fact, Whitlam finds it neither politic nor possible to muzzle the anti-US left-wing of his party. Without its support, his working majority in Parliament would be jeopardized.

Whitlam and the moderates do have one great advantage, however, in dealing with the left. In a basically conservative country like Australia, the moderates can win national elections; the leftists cannot, and they know it. This is the factor that allowed Whitlam to gain the party leadership in 1969 and, the prime minister hopes,

(72)
will allow him to continue to have his way on critical issues.

Whitlam himself has strong convictions, which often are contrary to US interests. The prime minister, who ran on the slogan "ANZUS is not a foreign policy," has not hesitated to take issue with the US on external issues. He has been especially critical of American involvement in Indochina and is publicly and privately advocating an early and total US military withdrawal from Southeast Asia.

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USSR-US: ACCENTUATING THE POSITIVE

Observers in Moscow have been struck by the extent of the current campaign to publicize the improvement in US-Soviet relations. Despite an occasional sour note, favorable coverage of the US is at a record high. The Soviet press has been diligent in reporting presidential statements, and there has been a marked drop in references to "circles in the US opposed to detente." Differences between the two nations have been receiving low-key treatment; they are sometimes dismissed as being of only passing concern. The softening of some of the more abrasive May Day slogans on foreign policy is the latest example of this trend.



Occidental Petroleum Closes an \$8 Billion Contract

(73 - 77)

The most popular theme is the outlook for improved economic relations. The visits of Treasury Secretary Shultz and Ex-Im Bank Chairman Kearns have received heavy play, as have the extension of credits by the US to the USSR and major transactions with US firms such as the agreement last week with Occidental Petroleum. These and other recent developments have increased Soviet confidence in the summit understandings. As a result, the Soviet media are holding out to the ordinary citizen the prospect of new prosperity based on an era of greater bilateral cooperation.

Moscow's upbeat treatment was facilitated by the end of the war in Vietnam. After the summit last May there was some improvement in coverage of things American. Nevertheless, the level of criticism remained high, especially so during the bombing of North Vietnam last December. Since the signing of the peace agreement, Moscow has been much less inhibited in forecasting closer ties with the US.

The timing of the accelerated campaign to publicize the fruits of detente also suggests that Moscow is beginning the public buildup for a Brezhnev visit to the US. By accentuating the successes of his US policy to date, the Soviets may be seeking to rationalize his position domestically in order to free his hand in Washington.

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POLAND

Buying from the US

(78 - 86)

[Poland's purchases from the US may well double this year and turn Poland's long-standing surplus in commodity trade into a deficit. Poland already has ordered an estimated \$150 million worth of grain, soybeans, and soybean meal; presumably, it will place further orders. Poland may also boost sharply its purchases of machinery and equipment, which so far have accounted for a small part of its imports from the US.]

Polish purchases from the US grew 53 percent last year, largely because of greatly expanded imports of agricultural products. On the other hand, the large increase in Polish imports from Western Europe and Japan resulted from a doubling of Polish purchases of capital equipment. Western Europe and Japan got in on the ground floor of the booming Polish market for advanced technology.

Imports of capital equipment from the US may grow rapidly over the next few years. In addition to contracts already signed with such firms as International Harvester, Alan Scott, and Textron, Poland is considering a number of other purchases. A Polish delegation, recently in the US, expressed a strong desire to import large amounts of equipment for the copper industry. When the president of the US Export-Import Bank was in Poland early this month, Prime Minister Jaroszewicz told him that Poland has a new version of the shopping list submitted last April and will seek \$200 million in credits in the US this year.

President Nixon's decision last November authorizing Export-Import Bank financing for Poland should facilitate US firms' winning more Polish contracts. The Export-Import Bank already has authorized credits to finance part of the purchase price of two meat-processing plants, a Sendzimir metal rolling mill, and a Cyber-72 computer system. The bank recently upgraded the country's credit rating, which, although primarily a matter of prestige, may increase Poland's applications for credits. [redacted]

Foreign Minister in Trouble

87 [Foreign Minister Stefan Olszowski has been in and out of the Warsaw dog house ever since he got the job. Late last year he apparently tried to introduce too many of his own initiatives into Polish foreign relations. After a period of some uncertainty, he seems to have resolved his problems, at least for the moment.]

87 [When Olszowski became foreign minister in December 1971, he was removed from his position on the party secretariat. This shift suggested that party chief Gierek had diminished the power of a potential rival by removing him from daily contact with party matters. Still Gierek was entrusting the Foreign Ministry to a man of intense ambition who was sure to breathe new life into it.]

87 [Though he had no prior diplomatic experience, Olszowski's initial performance won the approval of senior officials in the ministry, and it appeared that Gierek had made a wise choice.]

[redacted] Olszowski got the foreign affairs portfolio specifically to provide dynamic leadership to the Polish team in normalizing relations with West Germany. He achieved that objective with few problems and much praise in September 1972.]

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Stefan Olszowski

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By mid-December, however, Olszowski was running into trouble. One sign of this came during his absence on an official visit to Mongolia when the Politburo took the unusual step of meeting to discuss foreign affairs. The group decided that there was need to improve the functioning of the Foreign Ministry and to strengthen its political leadership.

Olszowski thus seems to have overstepped his authority. Details of his actions are lacking, but he may have moved policy a bit further and faster than Gierek wanted. He seems to have taken this reprimand with good grace, however, and has tried to be the model bureaucrat since January. He will have difficulties in keeping his enormous ambition in check for long, even though he recognizes he will stay in office only so long as he continues to enjoy Gierek's confidence or until he gives the regime cause for more concern.

WEST GERMANY

More Ostpolitik

West Germany has launched a new series of high-level exchanges with the East. The new exchanges may help the government somewhat with a public oversold on Ostpolitik and skeptical about its practical worth. Bonn sees its initiatives as the natural follow-up to recent treaties with the major Eastern states. By working to eliminate remaining sore spots in its eastern relations, Bonn hopes that Pankow, the only East European regime that feels seriously threatened by Brandt's policies, will become more amenable to improved ties.

The drive began last week, when West German and Czechoslovak negotiators announced a compromise for handling the Munich Agreement of 1938. In face of reported Soviet pressure, Prague backed off from insisting that the pact was null *ab initio*. The compromise clears the way for

negotiations next month looking toward a non-aggression treaty and diplomatic relations. If these talks are successful, a near certainty, Hungary and Bulgaria will also establish relations with West Germany, perhaps by summer.

The first of the visits began with Brandt's arrival in Belgrade on 16 April. During his four-day visit, the first by a West German chancellor, Brandt and Tito discussed broader economic cooperation and took up the scratchy question of more compensation for victims of Naziism. Brandt tried hard to create a good atmosphere, but before the visit Bonn officials conceded privately that they cannot do much for Belgrade in economic matters.

Soviet party boss Brezhnev's precedent-setting visit to Bonn in mid-May will be the high point in the flurry of activity. The Germans will urge Brezhnev to take a more permissive stance on West German ties with West Berlin, and to urge Pankow to adopt a more forthcoming posture on inter-German problems. Bonn will argue that such steps would promote the detente Moscow is interested in. The West Germans are afraid they will not be able to satisfy Soviet expectations for increased trade or credits. Even if substantive results are few, the up-beat atmospherics of the visit, if nurtured, could have a beneficial effect on West German opinion.

Romanian party chief Ceausescu will be in West Germany 26-29 June. Bonn-Bucharest relations are generally good, but West German officials expect that Ceausescu, too, will ask for more economic benefits than they can promise. Polish party leader Gierek may visit Bonn this fall, but only if relations, now cool, can be warmed up. Warsaw has been disappointed that Bonn has not broadened its economic relations since their non-aggression pact was signed in 1971, and Bonn is distressed that Warsaw has not permitted more ethnic Germans to emigrate.

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FRANCE: DEFENSE SPENDING

Michel Debre, chief theorist of French defense doctrine, has departed the Defense Ministry. He leaves the French armed forces with a 1973 budget of 34.8 billion francs—the equivalent of about \$8.5 billion if the French defense effort were reproduced in the US. This budget is up about 10 percent from last year, marking the largest yearly increase since 1965. In real terms—taking into account the effects of inflation in the defense sector—defense outlays have actually diminished somewhat since 1969.

The French maintain the largest military establishment in Western Europe on smaller defense budgets than either the UK or West Germany, the other major defense spenders in Western Europe. The limitations on French defense spending have had their greatest impact on equipment procurement. Over the past decade, capital expenditure appropriations have been tight for the conventional armed forces, particularly the army. This limitation was due in large measure to the high percentage of capital funds appropriated for the nuclear forces—about 50 percent—until 1969.

The capital expenditures for nuclear forces have subsequently leveled off, and additional funds have been made available to the conventional forces for purchasing not only more military equipment but new types of equipment. The capital outlay for nuclear systems and research and development has been a declining percentage of the budget for the past five years.

When he came to the Defense Ministry in 1969, Debre promised increased spending on defense, particularly for the conventional armed forces. Although he managed to get modest increases in their budgets, the conventional forces have not as well as he seemed to promise. Also, many of the improvements that have been achieved have come through cutbacks and consolidations, primarily in personnel and facilities.

The French have the fastest growing economy in Western Europe, and some European countries have suggested that the percentage of GNP spent by the French on defense (3.1 percent) could be increased. Paris frequently has argued that the Europeans should spend more on their own forces. The French, nevertheless, contend that they are doing their fair share in the defense field. Before he left, Debre warned that French defense spending, as a percentage of GNP, had reached "a minimum below which it would be dangerous to go." This judgment apparently has been accepted by the French Government, but significantly larger increases in spending probably will have to wait until the next five year defense plan, which begins in 1975.

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YUGOSLAVIA: TITO, EX CATHEDRA

1. Tito will deliver a major policy address to a huge meeting of regime leaders on 23 April. His speech will cover constitutional changes, economic problems, party recentralization, and foreign policy. There may also be a few surprises, and it is not impossible that the 80-year-old leader will lighten his load by passing on some of his presidential functions to his subordinates.

2. The meeting Tito has convened is an unprecedented "general assembly of the federation," thus stressing the importance of what he has to say. The meeting will be attended by the full 620-member legislature, the cabinet, the party presidium, and leaders from all Yugoslav mass organizations. High on the agenda are certain changes in Yugoslavia's constitution, including a scaling-down of the collective presidency from 22 to 9 members, and a complex package of reforms aimed at strengthening local management of political and economic affairs. The theory of local management is fine, but Tito is also likely to bestow his blessing on the course of party recentralization.

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3 [Tito will probably press on with his effort to make "Western influences" the scapegoat for internal problems. As recently as late March he was energetically condemning Western media for suggesting the situation inside Yugoslavia was serious and seeking better relations with Moscow. At the meeting he may well come down hard on emigres in the West who, he fears, plan to exploit any instability after his passing in an attempt to break the federation apart. Last week, Belgrade threw down the gauntlet by announcing the execution of three terrorists who took part in the raid into Yugoslavia last June. Tito may thus hope to goad the emigres into a showdown while he is still around.]

3 [The assembly might produce a few surprises. Since 1970, Tito has often said that he would like to ease his exhausting load as President of the Republic. In recent months, two key advisory groups on security and defense have been transferred from his personal cabinet to the collective presidency, the executive body created in 1971 to formulate national policy after he is gone. Tito might make a dramatic announcement that he has decided to give the collective presidency, thus strengthened, more scope in the national policy arena.]

3 [Such a gesture would not limit Tito's real power, which stems from his leadership of the party and his hold over the people, but it would have a sobering effect on his potential successors. They would have to demonstrate while he is still on hand that they can run the country the way he wants it run.]

NORWAY: NEGOTIATIONS WITH THE EC

106 [Norway's "mini-coalition" has fulfilled its mandate by successfully negotiating a free trade agreement with the EC. With the resolution of

this question, which toppled two previous governments, the country can concentrate on rebuilding its shattered political parties in preparation for elections in September.]

106 [Some members of parliament may have reservations about the agreement that was initiated on 16 April after six months of negotiations. Nonetheless, the government expects no major difficulty in obtaining Storting approval. Debate will begin on 1 June, just a week before the parliament recesses for the summer. The King is expected to ratify the agreement on 1 July.]

108 [The EC issue brought down the majority coalition of Centrist Per Borten in 1971, and the succeeding minority Labor government of Trygve Bratteli resigned when the referendum for full EC membership failed last September. The small Christian People's Party led by Lars Korvald was thrust into the void and formed the present minority coalition with the Center Party and 5 of 13 Liberal Party representatives. The coalition has only 39 of the 150 seats in parliament.]

108 [Although Labor is Norway's largest party and the obvious successor to the present government, it was badly split over the EC issue and needs considerable time to recuperate. The party will have to come up with new ideas, in addition to its standard platform of welfare expansion, to attract the Norwegian voters. The old four-party bourgeois coalition—Conservative, Center, Liberal, and Christian People's parties—is in no better shape, and it probably can not be carpentered back together at present.]

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SOUTH ASIA: NEW PROPOSAL (117 + 118)

India and Bangladesh have made a proposal to Pakistan, which shows a new flexibility in their positions. The proposal would give something to all parties directly concerned, but Pakistan will have difficulty accepting it.

On the plus side for Pakistan:

- The 90,000 Pakistani prisoners of war would be sent home.

- Pakistan would not have to recognize Bangladesh in exchange, though recognition would still be required for any direct talks with Dacca.

On the plus side for Bangladesh:

- Several hundred thousand Bengalis with useful skills would go to Bangladesh. This would give the Pakistanis no real problem.

- Some prisoners of war—195 according to Dacca—would be tried in Bangladesh for war crimes. Even if Pakistan decides the sacrifice is necessary, the decision will be painful.

- Several hundred thousand Biharis—non-Bengali Muslims living in Bangladesh—would be sent to Pakistan. Islamabad has made it clear it does not want the Biharis and deciding to admit them might be even more difficult than acquiescing in the trials.

On the plus side for India:

- India would get rid of the prisoners who are becoming a source of embarrassment to the government and who continue to hinder the improvement of relations with Pakistan.

The latest initiative will not break the impasse on the subcontinent, but the decoupling of prisoner repatriation from Pakistani recognition of Bangladesh does open up new avenues in the search for a settlement.

TURKEY: NEW CABINET

Prime Minister - designate Naim Talu, asked by President Koruturk on 12 April to form a new government, has named a coalition cabinet composed of 13 members of the Justice Party, 6 from the Republican Reliance Party, and 5 independents. Talu will present his proposed cabinet and legislative program to parliament this week. A vote of confidence will probably be taken on 25 April.

The 54-year-old Talu, minister of commerce since December 1971 and a senator since mid-1972, is nominally an independent, but is close to the Justice Party in outlook. Suleyman Demirel, Justice Party leader, clearly had a big hand in selecting the new cabinet; the contingent from his party is largely made up of his lieutenants. The Talu cabinet is the most conservative as well as the most experienced Turkish cabinet since the military forced the resignation of Demirel as prime minister in March 1971.

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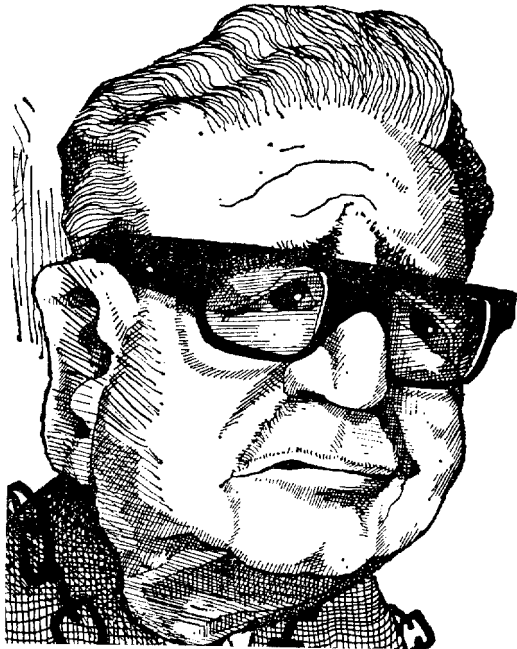


Naim Talu

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CHILE: TOUGH WINTER AHEAD

percent in the last 12 months—has long since overtaken the generous wage readjustment of last October. The government now proposes a wage increase that would be limited to lower income workers. It would be financed by taxes on incomes in the middle and upper brackets. The opposition, of course, rejects this plan, and many powerful unions find it and other official labor policies unappealing and are striking in retaliation. Although the government has made propaganda points thus far on the congressional holdup, Allende probably fears that further delay would benefit the leftist extremists. He is already at loggerheads with them over their defiance of his ban on illegal seizures of factories, roads, and farms. He has even accused them of involvement in a plot with extreme rightists, who are also bent on promoting civil disorders.]

[On the non-violent political front, Allende has stepped back temporarily from his proposed restructuring of the educational system, the so-called unified national school. The changes are designed to develop Chileans for the "new realities" of their country. In the face of strong criticism, Education Minister Tapia announced implementation of the new scheme would be delayed for a year to permit further national debate. Opposition is strong in political parties outside the government, the Roman Catholic Church, and many teachers' unions. Allende also faces a constitutional fight with congress over his extensive use of the veto to thwart legislation.]

[Criticism of the school scheme is also vehement among military officers, many of whom see it as a political threat to the military and its independence. Particularly outspoken has been Admiral Ismael Huerta, whose distaste for the Allende administration was heightened by a short and frustrating tour as minister of public works.

[President Allende's problems have not eased in the wake of his government's good showing in last month's congressional elections and the improvement in relations between the Socialists and Communists. New economic difficulties crop up faster than the old ones can be solved. Many of his own partisans distrust him; some defy him. Opposition attitudes are hardening to the point that even leftist Christian Democrats are wary of appearing to accommodate Allende. General Prats still defends the administration, but military officers are among its most vehement critics.]

[None of these problems is new. One Chilean has described Allende as taking one step back to consolidate the two he has taken forward. This stratagem has worked before for the President, but he faces a difficult winter.]

[In addition to acute shortages of consumer goods, inflation has made it urgent that wages be raised, particularly at the bottom of the pay scale where Allende's support is greatest but leftist agitation against him is strongest. Inflation—183

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SOUTH OF THE BORDER

(132-137)

[US firms operating below the Mexican border to take advantage of low labor costs are continuing to make substantial gains. These firms produce various articles from US components, selling them mainly to the US under an arrangement that subjects only the value added to tariff levies. Last year, employment in these border industries increased about 20 percent, to 49,000 persons. Sales approximated a half billion dollars, and net exports to the US climbed to about \$170 million, a 35-percent gain.

In general, the US has benefited from the program, although the relocation of US factories has cost jobs in the US. For example, US firms assembling electronic components have gained cheaper labor, thus enabling them to be more competitive with imports not using US materials. US tariff exemptions are necessary to industries producing clothing and furniture, but not to those assembling electronic components.

The manufacture of electronic components now accounts for 65 percent of border industry employment, compared with 50 percent a year earlier. The shift to electronics is making border industry operations less vulnerable to the repeal of tariff exemptions because the benefits of low labor costs would outweigh losses from repeal, unlike the situation for clothing and furniture companies. The shift to electronics has increased potential US balance-of-payment losses that would result from repeal of the exemptions. The electronics companies probably could continue exporting to the US, but they would no longer have an incentive to buy components in the US because of cheaper sources elsewhere. On the basis of 1971 data, the annual cost of repeal to the US balance of payments has been estimated at \$70 million.

Recent currency realignments and Mexico's low labor costs have stirred interest in border industry operations among non-US companies. A subsidiary of a Japanese firm, established in

Tijuana in 1971, is assembling electronic calculators from components made in its California plant, and Sony and Mitsubishi are planning border plants to complement their US operations. In addition, Belgian and Israeli firms have recently shown interest in establishing border industry operations.

Although President Echeverria periodically expresses reservations about border industry exemptions from regulations requiring domestic control of firms in Mexico, he also appreciates the contribution exemptions make to exports. He consequently decreed last October that the special border industry arrangement be made available throughout Mexico. As a result of a US request, the decree permits the firms to make limited sales within Mexico.

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URUGUAY: PAINFUL SOLUTIONS NEEDED

(NO SOURCES)

The government's new five-year plan leads off with an accurate analysis of the underlying causes of Uruguay's economic woes. It fails to come to grips, however, with the harsh remedies needed to cut inflation and spur economic growth.

Uruguay's economic planners apparently recognize that a difficult and unpopular reorientation of economic policy is necessary to reverse nearly twenty years of deterioration and hyperinflation. The plan rightly attributes Uruguay's economic malaise to government policies designed to improve the lot of urban dwellers at the expense of agriculture, still the backbone of the economy. For many years, artificially low farm prices and high export taxes have reduced producer incentives and encouraged contraband shipments. Politically inspired wage increases and burgeoning social welfare expenditures mollified the urban majority but added fuel to the inflationary fires.

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While the plan is good at diagnosing Uruguay's fundamental economic problems, there is a basic conflict between some of the cited goals and proposed remedies. The plan, for example, calls for maintaining high real wage levels and improving the quality and quantity of costly social welfare programs; these goals are clearly at odds with the government's stated intention to reduce inflationary pressures and increase investment outlays. The government's apparent desire to continue to protect urban consumers by maintaining discriminatory price controls on agricultural produce also conflicts with its stated goal of improving incentives for agricultural producers.

The plan does call for a more realistic exchange rate and implies a reduced dependence on export taxes. If implemented, these policies should stimulate agricultural exports and the resulting increase in foreign exchange receipts should enable the authorities to reduce restrictions on imports of raw material and capital goods necessary for industrial expansion. Equally important, the proposed reduction in protective barriers should force increased efficiency in the nation's high-cost industries. The plan also envisages a large increase in public investment outlays over the next five years that will support development in the private sector of the economy.

An effective economic reform program would entail a long period of politically difficult sacrifices with the main burden falling on urban dwellers. If the new military-backed government backs away from the difficult and unpopular reforms required, it is unlikely to achieve either stabilization or growth. [REDACTED]

BRAZIL

[141] The use of torture as a means of extracting information from suspected terrorists has surfaced again in Brazil, following the arrests of the

wife and a son of a former cabinet minister, Wilson Fadul. Both were interrogated about their connections with terrorist groups, and Mrs. Fadul later required an operation to repair damage caused by the beatings she received at the hands of army officers in Rio de Janeiro.]

[141] The Faduls are well-connected, and friends brought the case to the attention of the First Army commander, the army minister, and the retired general who is the leading candidate to succeed President Medici. Their efforts resulted in an investigation which indicates that the senior officer involved, a colonel, is a close friend of the First Army commander, on whose staff he serves, and is also the son of a former army Chief of Staff. Although the colonel's career will be damaged and perhaps ended by the incident, he is not likely to be punished any further.]

[142] The incident points up the different attitudes taken by senior officers toward torture. Some strongly oppose it, on grounds that it reflects the police mentality that some military elements have acquired since the armed forces took over the main responsibility for combating terrorism. Other officers condone torture as a necessary and effective weapon against terrorists. Perhaps the majority avoid taking a position on the issue; they tell their subordinates to get the job done and do not concern themselves about methods unless an embarrassing incident occurs.]

[142] The rigid press censorship usually prevents such incidents from causing the government serious problems. If a particular example of abuse becomes too widely known, the government usually either publicly denies knowledge of it or dismisses it as a regrettable excess by an individual and not characteristic of the military as a whole. As long as many officers believe that a terrorist problem remains and that torture works in fighting the terrorists, they are not likely to drop it entirely. [REDACTED]

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OAS: THIRD GENERAL ASSEMBLY



Colombian Foreign Minister Addresses OAS

144 [The Third OAS General Assembly had a relatively quiet 12-day meeting, but did create a special committee to consider major reforms of the inter-American system. The Cuban question was raised indirectly, but was effectively defused by a compromise resolution.] The assembly also passed resolutions—the US abstaining—criticizing multinational companies and US plans to sell mineral stockpiles.]

145 [The debate during the assembly indicated that the special committee will be split over the issue of radical versus moderate reforms. A movement to exclude the US from the OAS is unlikely, but a permanent Latin-only sub-organization may emerge as a vehicle for developing unified Latin American positions for dealing with the US. One way of accomplishing this could be through the expansion of the Special Latin American Coordinating Commission. The new special committee will probably also discuss the Cuban issue. Regardless of its deliberations, however, several governments that oppose the present OAS policy on Cuba are likely to go ahead with recognition. The committee, which includes all 23 member states, is to report by 30 November.]

146 [Toward the end of the General Assembly, the Chilean delegation tried to pass a resolution on "ideological pluralism" that would have undermined the sanctions against Cuba. The final wording, passed unanimously, was so watered down that it does not have this effect.]

147 [Although there were relatively few direct attacks on the US, two resolutions critical of US policy were passed.] The announcement that the US plans to sell its mineral stockpiles sparked the passage of a resolution expressing concern over the implications of the sales for Latin America. The US Senate hearings on the activities of ITT in Chile seem to have triggered a resolution condemning "the interventionist activities" of multinational enterprises.

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ARGENTINA: PERONISTS ROLL ON

In the runoff elections of 15 April the Peronists completed a virtual sweep of elective offices in Argentina. The Justicialista Liberation Front—the coalition put together by Juan Peron—captured 20 of the 22 provincial governorships and a large majority in both houses of congress.

The results of the runoff demonstrated the wisdom of the Radical Party in declining to participate in a runoff for the presidency after Hector Campora fell only slightly short of a majority in the first round on 11 March. The Radicals were badly beaten by the Peronists in all but one of the provincial contests where the two parties met. The Radicals failed to capture any of the 22 provincial governorships, and will have 11 senate seats, thanks only to the proportional representation system. The Peronists won 43 of the 69 senate seats and have at least 142 of 243 seats in the house of deputies.

The only bright spot in a thoroughly frustrating experience for the once powerful Radical Party was the senate race in the Federal Capital district of Buenos Aires. There a 35-year-old attorney, Fernando De La Rua, ran up a large majority over Justicialista candidate Sanchez Sorondo. Sanchez Sorondo, a non-Peronist but a

member of the Justicialista front, is an ultranationalistic "yankee baiter" who lodged charges of fraud against ITT in the final days of the campaign. He had been mentioned as a possible foreign minister in the Campora government, but his chances appear to have been dealt a serious blow by the election defeat.

The Peronists will undoubtedly interpret their sweeping victory as a strong mandate for change, and the military seems prepared to give them considerable leeway. Terrorism may force a closer relationship between the Peronists and the military than would otherwise be the case, but differences within the Peronist movement seem likely to be the primary brake on any drastic or revolutionary changes. Except for a somewhat questionable allegiance to Juan Peron, the relatively moderate labor leaders have little in common with the radical youth who played a major role in the election victory. In the early going, such items of legislation as an amnesty for political prisoners will probably move through congress with relatively little difficulty. Expected efforts of youth leaders to move the government to the left spell almost certain trouble, however, when the government gets around to submitting an economic program.

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